



Department of Justice

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Statement of Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, Department of Justice, Concerning Telecommunications Bill voted out of Senate Commerce Committee Thursday, March 23, 1995:

The Administration is gratified that telecommunications reform legislation has been agreed upon by a majority of the Senate Commerce Committee, and congratulates Senators Pressler and Hollings on a significant advance in the effort to guarantee open and competitive telecommunications markets. However, the Administration is concerned that the legislation approved by the Committee today falls short of the steps needed to open local telecommunications markets to real competition. More work remains to be done to make certain that this legislation gives consumers the choice and low prices in local telephone service, long distance and cable service which Americans deserve and rightfully expect, and the Administration looks forward to working with the Congress to achieve those goals.

While the Administration is still analyzing the bill, the legislation voted out of the Senate Commerce Committee today appears to be a substantial improvement over the Pressler draft of January 11, 1995, in that it removes the so-called "date certain" for entry of the Regional Bell Operating Companies into long distance. The bill also contains several areas in which it appears that further improvement is needed:

- The bill removes the Department of Justice from a separate role assessing the state of competition prior to RBOC entry into long distance. The Administration believes that this is a mistake.
- The Administration is concerned that the bill as reported by the Committee today could effectively encourage cable companies to move basic service to upper tier services, and then to raise the prices on those upper tier services with inadequate price protection for consumers. The Administration is concerned that the bill as drafted could cause substantially increased cable prices for many American consumers.

(MORE)

- The bill repeals the current restriction on cross-ownership of cable and telephone companies in the same service area by permitting telephone companies to buy out local cable companies, their most likely local competitor. By allowing movement to a "one-wire world," with only antitrust litigation to prevent it, the bill could have the effect of curtailing important potential competition, and thereby raising both telephone and cable prices in the future for American consumers.

The Administration understands that this bill represents only a first, but important, step in the legislative process. The Administration is still analyzing the bill and looks forward to working with the Congress to strengthen its provisions in these and other respects before final passage to further the goal of obtaining open markets and the benefits of competition for American consumers in the vital telecommunications arena.

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